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Supreme Court of the United States

October Term, 1951

No. 218

G. RICORDI & COMPANY,
Petitioner,

against

PARAMOUNT PICTURES, INC.,
Respondent.

RESPONDENT'S BRIEF, IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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The Judgment and the Opinions Involved Herein

The judgment which the petitioner seeks to review was rendered unanimously by Judges Learned Hand, Swan and Frank of the United States Court of Appeals for the Second Circuit, on May 8, 1951 (and unanimously clarified, in a respect immaterial hereto, on June 1, 1951)—R. 152-153, 165. This judgment modified the declaratory judgment and injunction granted by the District Court for the Southern District of New York, by limiting the right of the petitioner, the owner of a derivative operatic work, to make a motion picture thereof. Briefly, it was adjudicated that petitioner, in making such a picture, would be "restricted to using what was copyrightable as new matter in its operatic version of the novel," as distinguished from the basic "story of the novel," which was the property of another (R. 151).

The opinion of the Court of Appeals has, subsequently to the petition herein, been reported in 189 F. 2d 469.

The Facts

Petitioner's opera, *Madame Butterfly,* is expressly and concededly "founded upon," and a mere "operatic version" of, Long's copyrighted novel (and Belasco's derivative play) of the same name (R. 45-46, 54, 55; Petition, p. 9). Plaintiff produced said opera pursuant to an agreement dated April 27, 1901, whereby Long granted plaintiff the "exclusive rights * * * to make a Libretto for an Opera" and "the exclusive dramatic rights of the said Operatic versions" (R. 45).

However, Long's copyright expired in 1925. Although the copyright was renewed, petitioner utterly failed to renew its license agreement thereunder (renewing only the copyright in its derivative opera). Petitioner nevertheless claims the exclusive right to make a motion picture based, not only upon the new and copyrightable matter in its said opera, but upon the story which it derived entirely from Long's novel.

Respondent is the undisputed owner of the full and exclusive motion picture rights in the novel and the play *Madame Butterfly* (pp. 62-70). Any motion picture by petitioner making "general use of the story of the novel" (Opinion below, R. 151), would utterly destroy the value of those exclusive rights. Indeed, respondent has already released two motion pictures, in the second of which petitioner sold to respondent the right (though non-exclusive), to use substantial excerpts from petitioner's opera (R. 53, 56-57, 71-76).

Respondent, unlike petitioner, duly renewed its grant of exclusive motion picture rights for the renewal term of Long's copyright (R. 9-11).

The Opinion of the Court of Appeals

The Court of Appeals held (R. 148-152) that it was unnecessary to determine whether the 1901 agreement gave petitioner the right to make motion pictures, since any such right, utilizing Long's story, expired with the expiration of Long's original copyright term. The 1901 agreement "made no allusion to renewal of copyright" and, if it granted any motion picture rights, "they were necessarily limited to the [original] term of the copyright" (R. 150). "A copyright renewal creates a new estate, * * * clear of all rights, interests, or licenses granted under the original copyright" (*ibid.*).

The court recognized that petitioner's opera was entitled to independent copyright as a new version, under Section 7 of the Copyright Act, but subject to the limitations therein provided (R. 150-151). Petitioner's copyright in its derivative work covered only "the new matter which it added to the novel and the play", and not the story of said novel and play (R. 150). Consequently, plaintiff's right to base a motion picture upon that story was dependent upon, and expired with, its license of 1901.

The Question and the Points of Law Involved

The only question involved in the decision sought to be reviewed was whether petitioner, the grantee of the operatic rights in a novel under a grant containing no renewal provision, might, despite its failure to renew its said license, make a motion picture based upon material derived from said novel. Actually, petitioner's purported "Questions" (p. 2) and its "Specification of Errors" (p. 7) are not only repetitious, but many of these ignore the fact that the Court of Appeals' decision relates, not to petitioner's opera *per se*, but to its claim of right to make

a new derivative motion picture, based upon the story of the novel.

Said decision merely embodies two uniformly settled propositions of law:

> (1) That a copyright in a derivative work comprises only what is new or added thereby; and
>
> (2) That the renewal of a copyright creates a new estate, clear of licenses granted under the original copyright, and such a license, not providing for or referring to a renewal term, expires with the original copyright.

Both of the above points of law are particularly applicable to the instant case, where the owner of the derivative work seeks, after the expiration of its license, to produce a *third* work based upon the derived (rather than merely its new) material. Neither point, as will be shown, in any way warrants the granting of certiorari.

POINT I

Under established law throughout the country, as well as the express language of Section 7 of the Copyright Act, petitioner's copyright in its derivative opera covered only what was new or added by it.

Section 7 of the Copyright Act, permitting copyright of new derivative works or versions, expressly provides:

> "but the publication of any such new works shall not * * * be construed to imply an exclusive right to such use of the original works * * * *."

Consequently, the petitioner obtained no exclusive right or property in the material or story of Long's novel

(except the exclusive right to make an opera thereof, which is not here in question).

This limitation of copyright in derivative works to what is new therein has been consistently and uniformly enforced by the courts.

> *American Code Co.* v. *Bensinger,* 282 Fed. 829 (C. C. A. 2d, 1922).
> *Kipling* v. *G. P. Putnam's Sons,* 120 Fed. 631 (C. C. A. 2d, 1903).
> *McCaleb* v. *Fox Film Corporation,* 299 Fed. 48 (C. C. A. 5th, 1924), at 49.

Section 7, contrary to petitioner's feeble contention (p. 8), is far too clear to require further judicial construction. It was "obviously declaratory" of prior common law, which had already been firmly established (*West Pub. Co.* v. *Edward Thompson Co.,* 176 Fed. 833—C. C. A. 2d, 1910—at 837). When Congress enacted that law, its Committee emphasized that:

> "such copyright shall give no exclusive right to the use of the original works." (H. R. Comm. Rep., 1909, No. 2222.)

Petitioner's Authorities Actually Support the Decision Herein.

The cases cited by petitioner (pp. 10-11), far from indicating any "conflict" (*ibid.*), *confirm* the rule above enunciated. Thus, *Edmonds* v. *Stern,* 248 Fed. 897 (C. C. A. 2d, 1918), expressly states that:

> "the propriety of separate and independent copyright always depends upon the presence or absence of original work" (p. 898).

Similarly in *Toksvig* v. *Bruce Pub. Co.,* 181 F. 2d 664 (C. C. A. 7th, 1950)—which is petitioner's only authority

from another Circuit (*vide* Supreme Court Rule 38)—the court, immediately preceding the language quoted by petitioner (at p. 11), held:

> "And if plaintiff has established that the passages in question were original with her, then their appropriation constituted infringement, *Hoffman* v. *Le Traunik*, 2 Cir., 209 F. 375, 379" (p. 667).

The instant decision is wholly consonant therewith, since it protects petitioner, even in the right to make a motion picture, to the extent that the material to be used is "original with it".

The other decisions cited by petitioner (pp. 10-11), all by the same court as rendered the instant decision, hold merely that a new version, resulting from the skill or labor of the creator, is entitled to copyright protection. They do not impair the equally clear statement of the same court that:

> "It is necessary, however, to keep in mind the distinction between copyrightability and the effect and extent of the copyright when obtained. The degree of protection afforded by the copyright is measured by what is actually copyrightable in it; that is, by the degree and nature of the original work."
>
> *American Code Co., Inc.* v. *Bensinger*, 282 Fed. 829, *supra*, at 834.

Furthermore, no question of infringement of petitioner's copyright in its opera is here involved, but only, as above indicated (pp. 3-4), petitioner's claimed right to make a new, derivative motion picture. In direct contrast thereto, not a single one of petitioner's authorities involved a claim, such as petitioner's, to produce an entirely new and different type of derivative work, (1.) based upon the derived material used under a license, and (2.) which license has

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expired. Here the established limitation of derivative copyright—which petitioner's cases confirm—applies *a fortiori*.

Petitioner's vague intimation (p. 9) that it acquired the exclusive property in the source material can scarcely be serious. Long obviously did not assign his copyright (R. 45-46), and indeed petitioner concedes (pp. 6, 15-16), that both Long and Belasco continued to use the source material—publishing several new editions of their works (R. 93 *et seq.*).

The fact, stressed by petitioner (p. 9), that its right to make an opera was exclusive, is wholly immaterial under the authorities, which clearly hold that such a grant of an exclusive right to create a new copyrightable version is not even a partial assignment, but a mere license under the source copyright.

M. Witmark & Sons v. *Pastime Amusement Co.*, 298 Fed. 470, aff'd 2 F. 2d 1020 (4th, 1924), and cases cited 298 Fed. at 474-475.

Goldwyn Pictures Corporation v. *Howells Sales Co.*, 282 Fed. 9 (C. C. A. 2d, 1922).

Eliot v. *Geare-Marston, Inc.*, 30 F. Supp. 301 (D. C., E. D. Penn., 1939), and the numerous cases cited at 306.

Weil, *"Law of Copyright"* (Chicago, 1917), p. 241.

The alleged "interweaving" of the derived and the new material in the opera (Petition, pp. 7, 10) is inherent in any derivative work. Such interweaving cannot deprive the licensor of his reserved property and, under Section 7, "shall give no exclusive right" therein.

POINT II

Petitioner's license, if any, to make a motion picture was co-terminous with its licensor's original copyright, and it was never renewed.

The courts have repeatedly held that the renewal of a copyright creates an entirely new and different estate, which new estate is, in the language of the Court of Appeals herein (R. 150), "clear of all rights, interests or licenses granted under the original copyright".

White-Smith Pub. Co. v. *Goff,* 187 Fed. 247 (C. C. A. 1st, 1911).

Silverman v. *Sunrise Pictures Corp.,* 273 Fed. 909 (C. C. A. 2d, 1921).

Fitch v. *Shubert,* 20 Fed. Supp. 314 (D. C., S. D. N. Y., 1937, Patterson, J.).

This principle has been recognized by this Court in *Fox Film Corp.* v. *Knowles,* 261 U. S. 326 (1923), and *Fisher Music Co.* v. *Witmark & Sons,* 318 U. S. 643 (1943), *infra.* Indeed, it follows necessarily from Section 24 of the Copyright Act, which confers the right of renewal upon persons other than the proprietor of the original copyright.

Petitioner's license to use the story of Long's copyrighted novel, granted in 1901, contains not the slightest mention of a renewal right or renewal term (R. 45-46, 150). Long's copyright, having been obtained in 1897, expired in 1925 (R. 149). Although that copyright was renewed (R. 92), petitioner never renewed its grant or license (R. 53). Consequently plaintiff's right, if any, to make a motion picture containing Long's story expired.

It is clear that:

> "Rights, interests or licenses under the copyright expire at the end of the twenty-eight-year term,

unless sooner terminated, and a renewal of the copyright does not revive them."

Ball, *"Law of Copyright and Literary Property"* (New York, 1944), pp. 535-536.

This is in conformity with the decisions of this Court respecting licenses under patents, which also expire at the end of the original patent term, despite the licensor's extension of that term (*In re Paper Bag Cases*, 105 U. S. 766). Indeed, the limitation is clearer in the case of copyrights, because of the distinct entity and attributes of the copyright renewal term.

Petitioner's Authorities, Far From Indicating Any "Conflict," Are In Full Accord With the Decision Hereinbelow.

In *Fisher Music Co.* v. *Witmark & Sons*, 318 U. S. 643, *supra* (Petition, p. 12), the renewal right was expressly assigned and not, as in the instant case, left unmentioned. Indeed, that decision supports the respondent herein, since it acknowledged that an assignment of a copyright "in general terms", without mentioning renewal, does not convey any renewal right (*e.g.*, p. 653; *Jerry Vogel Music Co.* v. *Forster Music Publisher*, 147 F. 2d 614—C. C. A. 2d, 1945—p. 616; see also the comment of the court hereinbelow on the *Witmark* case, R. 150). This rule, excluding the renewal term from an outright assignment of a copyright, applies *a fortiori* to a mere license (however exclusive) under the copyright.

Rossiter v. *Vogel*, 134 F. 2d 908 (C. C. A. 2d, 1943; Petition, p. 12) gives no support whatsoever to petitioner, since the actual decision there was that the instrument in question, also an outright assignment, did *not*, despite its broad language, convey the renewal right, which:

"is separate from the original copyright" (p. 911).

In *Paige* v. *Banks,* 80 U. S. 608 (1871; Petition, p. 13), the transferor never obtained any copyright at all, and the transferee received all of the material, to copyright and to renew. It was as if, in the instant case, Long had absolutely transferred his original manuscript to the petitioner—facts utterly different herefrom.

Manners v. *Morosco,* 252 U. S. 317 (1919), as petitioner concedes (p. 13), "did not involve a renewal copyright", and it is clear from the pertinent law, as well as the discussion of that very case in *Fitch* v. *Shubert,* 20 F. Supp. 314 (D. C., S. D. N. Y., 1937, Patterson, J.), also cited by petitioner (*ibid.*), that the language quoted was limited to the duration of the original copyright term. The *Fitch* case is precisely in respondent's favor, because it held that a license does not survive the expiration of the original copyright term, despite the renewal of the copyright.

Petitioner concedes this holding, but characterizes the license in the *Fitch* case as "limited"—a description which is both inaccurate and immaterial. In that case, to the same extent as here, the grant permitted the creation of a new work—an "operetta" containing new music and lyrics (p. 314)—which was just as copyrightable as petitioner's opera. As regards the language quoted by petitioner therefrom (Petition, pp. 13-14), it is evident from the very decision that the court, by the words "perpetual license", meant a license for the original copyright term, as distinguished from a license "terminable at will" (20 F. Supp. at 316).

Petitioner's insistence that the 1901 grant to Long was "executed" (pp. 10, 14) is likewise immaterial. The limitation of the term of that grant did not result from the subsequent "renewal of the copyright in the novel" (*ibid.*), but inhered in the grant itself, which failed to provide for any renewal rights. Thus, the definition quoted by petitioner (p. 14) from *Farrington* v. *Tennessee,* 95 U. S. 679 (1878), has not the slightest relevancy hereto.

POINT III

Petitioner has posed a non-existent "question of the conveyance of motion picture rights in its opera."

Petitioner (p. 15) cites two Supreme Court decisions for the proposition that the "dramatic rights" in its opera, conveyed in the 1901 grant, included the right to make motion pictures thereof. That question is no longer in the case.

The court below expressly held that petitioner was the owner of "the sole and exclusive motion picture rights" in the opera *Madame Butterfly* (R. 152). The "dramatic rights" given to petitioner were in the opera—not in the book, the dramatic rights in which were owned by Belasco. The necessary limitation of petitioner's said rights to what was new in the opera, covered in Point I hereinabove, is not even remotely touched by petitioner's authorities.

POINT IV

Petitioner's contention that Long's second copyright was void is specious.

Petitioner cryptically asserts that Long lost his copyright by attempting to procure a second copyright of his novel (pp. 15-16). This argument, which both courts below rejected, is unsound for each of the following reasons:

(1) The first publication of Long's work was contained in "The Century Magazine", and the copyright was obtained on the entire magazine (R. 85-92), whereas the second publication consisted of said work together with five entirely different stories by Long (R. 93-99), and was accordingly separately copyrighted. Section 7 of the Copy-

right Act (which petitioner so frequently cites) expressly provides that:

> "Compilations * * * or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title * * *."
>
> See also *Westermann Co.* v. *Dispatch Printing Co.*, 233 Fed. 609 (C. C. A. 6th, 1916—reversed on different grounds, 249 U. S. 100).

(2) Petitioner adduced no evidence that the second publication of Long's story did not contain changes and revisions therein, requiring a new copyright even apart from the additional stories. If the existence of such revisions were necessary to sustain the copyright, the courts would presume the same, "in the absence of evidence to the contrary" (*Callaghan* v. *Myers*, 128 U. S. 617, especially at 654; *Copyright Act*, Sec. 209). The *Baker* and *Caliga* cases cited by petitioner (p. 16) are utterly inapposite, since they involved neither a compilation nor a revision.

POINT V

The questions here involved are not of such nature as to warrant the granting of certiorari; similar petitions have been consistently denied.

The questions herein do not warrant the Court's exercise of its discretionary power to review. The decision below merely applies long established principles of law and, as above demonstrated (pp. 5-6), it is not in conflict with any decisions of any other circuit court or any other decisions.

Thus, this Court recently refused to review a judgment of reversal by the Court of Appeals for the Second Circuit in a more important and difficult case which involved,

inter alia, both Section 7 of the Copyright Act and copyright renewals (*Shapiro, Bernstein & Co.* v. *Jerry Vogel Music Co.*, 161 F. 2d 406, cert. den. 331 U. S. 820, 91 L. Ed. 1837, 1947). Certiorari was similarly denied of a decision involving Section 7 (*Jeweler's Circular Pub. Co.* v. *Keystone Pub. Co.*, 259 U. S. 581, 66 L. Ed. 1074, 1922), despite a dissenting opinion in the Court of Appeals (281 Fed. 83), and of decisions establishing the distinct nature of renewal rights (*Jerry Vogel Music Co.* v. *Forster Music Publisher*, 147 F. 2d 614, cert. den. 325 U. S. 880, 1945; *Yardley* v. *Houghton Mifflin Co.*, 108 F. 2d 28, cert. den. 309 U. S. 686, 1939).

Conclusion

The petition should be denied because the decision sought to be reviewed is (1.) manifestly sound, (2.) in complete consonance with all prior precedents, and (3.) a mere application of settled principles, which do not require further consideration by this Court.

Respectfully submitted,

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